

TATARA-A-KINA Forest

Forest Report – Sept 2011



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Introduction

Tatara-a-kina Forest is managed and owned under a Lease Agreement between the Tatara-a-kina C Trust and OTPP New Zealand Forest Investments Limited (OTPP).

OTPP has contracted Hancock Forest Management New Zealand Limited (HFMNZ) as manager of their forest investments in New Zealand. PF Olsen Limited (PF OLSEN) has been contracted to carry out forest management and harvesting operations.

This report summarises forest activity in the Tatara-a-kina Forest for the period ending 30 Sept 2011.

The majority of the first rotation forest is planted with fast growing Radiata Pine and is managed under a clear wood regime.

Key aspects of the forest agreement include:

- The Lease agreement commenced 1 April 1981 for a term of 75 years, with maximum expiry date of April 2056.
- Total area under agreement is 1002 hectares, of which 585 hectares is productive.
- The Tatara-a-kina C Trust holds 9.2% equity in the 1st rotation crop net returns and in addition receives a current annual rent of \$4,520.00. Rental is reviewed periodically in line with timing of Government Valuations, currently three yearly. Rental is determined at 1% of the unimproved Valuation. The last review was undertaken in April 2011.
- The stumpage value payable to the Trust in relation to each crop (Rotation) of trees is to be set by a member of the New Zealand Institute of Foresters, nominated by the Trust (Lessor) and accepted by OTPP (Lessee). The first crop stumpage share was set by PFOlsen and Company. The Trust has advised they would like HFMNZ to prepare the

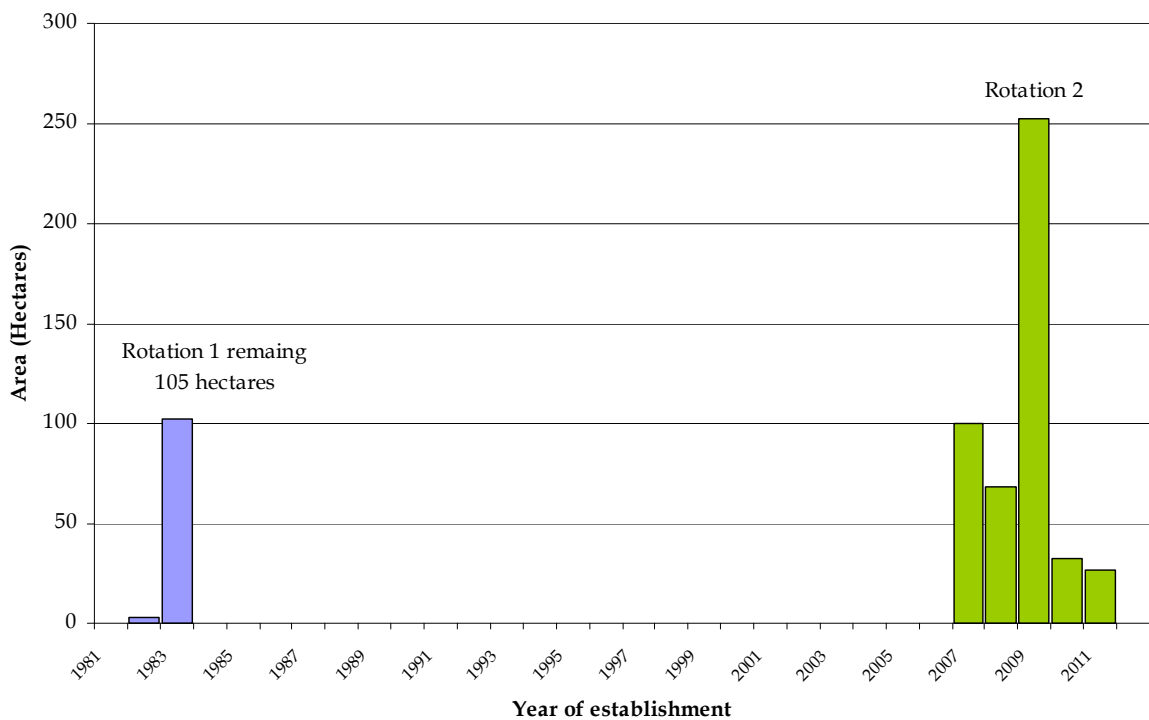
stumpage determination with regard to the second rotation. This will be completed over the next few months and presented to the Trust.

Forest

Forest Description

The chart below illustrates the age class of the tree crops as at 30 September 2011 – 585 hectares. 105 hectares remain under rotation 1, 480 hectares has been planted under rotation 2. Forest Rotation Map attached in Appendix ii

Figure 1: Age Class Distribution - Rotation 1 & 2



Rotation 1 Crop remaining

As at 30 September 2011, 105 hectares of rotation 1 remains standing. Analysis has been undertaken to evaluate the harvesting options available for this area. The area is located in the eastern section of the forest. It has been determined that this area of forest is risk environmentally to harvest and currently uneconomic to do

so. The area will remain standing while all known options have been evaluated by PFOlsen. Please see the map in Appendix iii showing this section of forest.

Establishment

26.7 hectares was established during the 2011 season (identified as cutover on the map in Appendix ii). The area was established at a rate of 800 - 850 stems per hectare (spha) using GF *plus* P.Radiata seedlings. Operations undertaken to prepare the sites for planting, planting and post planting, are tabled below:

Operation	Area treated 2010/2011 (hectares)	Description of operation
Aerial Desiccation	26.7	Sprayed with a mix of Glyphosate and Metsulfuron. Both FSC designated 'non-hazardous' chemicals.
Possum control	26.7	Pre- Plant intensive operation
Planting	26.7	800-850 stems per hectare
Releasing (either Spot or Aerial)	26.7	To control invasive weeds immediately around the growing tree.

Tending

Given the age class of the forest (refer to age distribution chart above) all tending has been completed for the first rotation crop and no operations are planned for the second rotation crop.

Forest Health

The NZ Forest Owners Association annual forest health surveillance programme provides for an annual independent forest health survey and report by forest.

The objective of this survey is to detect any new introductions, either insect or fungal that may have entered New Zealand. Additionally, the survey assesses the current health status of the forest concentrating on the younger age classes. This work is tendered by the New Zealand Forest Owners Association (NZFOA) Forest Health committee. In 2010 it was undertaken by SPS Biosecurity Limited.

Forest health issues identified in the annual survey are monitored and remedial action is planned if required.

The survey for Tatarua-kina forest was last undertaken and reported in May 2010. There were no new pests or diseases found, and no health issues that required action.

Environmental

- Storm damage

A mid-slope landslide during a large storm event impacted streams and associated riparian areas crossing the road through the forest at one point. Debris has been cleaned up at the crossing point.

- Roading

Operations in this forest are undertaken under "permitted use" status. However, one Regional Council inspection was undertaken at the invitation of PF Olsen, to review overall performance and review road maintenance and slope movement issues identified during a PF Olsen internal monitoring audit. The council were happy with all the work inspected.

Pest Control

Continued pressure on the goat population is required to protect the new crop. A low incidence of deer damage to young trees was noted in the western side of the forest (along the edges of remnant pine stands and the bush edges).

Roading

Please find in Appendix i a map indicating what could be retained as permanent roads. At a previous meeting the Trust indicated they were interested in identifying these roads for purposes of planning public access to native reserve areas.

Clearfell Harvesting

Harvest to date has provided a stumpage return to the Trust of \$443,781.89 from a sales volume of 221,952 m³. The forest has returned an average stumpage \$/m³ of \$21.73 of which the Tatar-a-kina C Trust received 9.2% (\$2.00/m³). Total return per hectare has been \$10,170 from an average recoverable volume per hectare of 463.95m³. Detailed financial reports are provided to the Trust on a quarterly basis as harvesting occurs.

Non-Forestry Activities

Forest Protection

Fire and Emergency

PF Olsen use the services of Craig Jacobs of Ngatapa Station for security management.

PF Olsen maintains an extensive fire prevention infrastructure to protect the forest from fire.

The fire season extends from the 1st October to the end of April during which additional precautions are taken to prevent fires in the forest. All fire reporting is coordinated through the national 111 emergency reporting system. Generally the forest is closed to any request for access permits during this period, however if the Trust requires access for a particular purpose please contact PF Olsen or the Land Manager in these cases.

Appendix i - Forest Map - Indication of Permanent Roads

